RBI has issued guidelines on 24th April, 2008 on recovery agents engaged by banks. The RBI has advised the banks to ensure verification of antecedents of employees of recovery agencies engaged by them. Police verification has been suggested as one of the pre-employment due diligence measures. RBI has also stipulated that all recovery agents should undergo a training-cum-certification programme offered by Indian Institute of Banking and Finance (IIBF).

Further guidelines have also been issued by RBI on Fair Practice for lenders. IBA has formulated a "Model Code for collection of dues and repossession of Security". The code of Bank's commitments to customers has also been formulated by the Banking Codes and Standards Boards of India (BCSBI). All these guidelines emphasise the fact that the collection policy of the Bank should be build on courtesy, fair treatment and persuasion and the bank follows security repossession policy in consonance with Law.

Waiving of debt of States

†395. SHRI LALIT KISHORE CHATURVEDI:
DR. GYAN PRAKASH PILANIA:

Will the Minister of FINANCE be pleased to state:

(a) the total debt of States till now since the introduction of formula of 70 per cent debt and 30 per cent grant to the State, State-wise;

(b) how much debt has been waived under the scheme of waiving debt of States;

(c) when the same was done with the reasons therefor;

(d) whether Government would like to extend this principle in Defence, Railways, Transport and Information Technology sectors also;

(e) if not, the reasons therefor; and

(f) what is the genesis of this principle and whether that is being fulfilled?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The total debt of States outstanding to Government of India (Ministry of Finance) against the loan given by Government of India for Plan schemes under 70:30 loan grant ratio for General Category States and 10:90 loan grant ratio for Special Category States as on 31.3.2005 amounts to Rs.1,18,408.41 crore.

(b) Debt waiver have been awarded to the extent of Rs. 3,984.35 crore to 15 States for 2005-06, Rs.4,691.56 crore to 20 States for 2006-07 and Rs. 4,609.55 crore to 18 States for 2007-08.

(c) Debt waiver was given to States under the "Debt Consolidation and Relief Facility" recommended by the Twelfth Finance Commission (2005-10), for 2005-06, 2006-07, 2007-08, subject to States:

(i) enacting Fiscal Responsibility and Budget Management Acts with suggested core provisions (required, in any case for Debt Consolidation);

†Original notice of the question was received in Hindi.

(ii) eliminate revenue deficit by 2008-09;

(iii) reduce Fiscal Deficit (FD) to 3% of GSDP.

(d) No, Sir.

(e) As Debt waiver is given under "Debt Consolidation and Relief Facility" recommended by the Twelfth Finance Commission for States and it does not extend to Defence, Railways, Transport and Information Technology sectors.

(f) While issuing the notification to constitute the Twelfth Finance Commission, it indicated that "the Commission may, after making an assessment of the debt position of States as on March 31, 2004, suggest such corrective measures, as are deemed necessary, consistent with macro-economic stability and debt sustainability. Such measures recommended will give weightage to the performance of the States in the fields of human development and investment climate." However, Twelfth Finance Commission recommended Debt relief as a part of Debt restructuring linked to fiscal performance of the States. For that purpose, the Commission recommended that for being eligible for Debt consolidation and Debt relief, each State must enact Fiscal Responsibility Legislation prescribing specific annual targets with a view to eliminating the revenue deficit by 2008-09 and reducing Fiscal Deficit to 3% of GSDP.

CDR of banks in Jharkhand

396. SHRI PARIMAL NATHWANI: Will the Minister of FINANCE be pleased to state:

(a) what is the Credit Deposit Ratio (CDR) of banks in Jharkhand;

(b) what steps are contemplated for improving the banks' credit flow to the State; and

(c) what efforts are being made for using the deposits mobilized in the State for the development of Jharkhand?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) As reported by the Reserve Bank of India (RBI), as on 31.3.2008, the CD Ratio of Jharkhand was 35%.

(b) and (c) With a view to improve the outreach of banks and their services, promoting financial inclusion and supporting the development plans of the State of Jharkhand, RBI had constituted a Working Group under the Chairmanship of Shri V.S. Das, Executive Director, RBI. The Working Group in its report has given certain recommendations relating to improvement of banking services in the State for implementation. Furthermore, the banks operating in the State are making sustained efforts to improve CD Ratio. The State Level Bankers' Committee (SLBC) also reviews the progress in improvement of CD Ratio at periodical meetings. As a result, the CD Ratio of banks in the State increased from 27% during the period 2002-04 to 35% as on March, 31, 2008.